United Nations DP/FPA/2005/14

Executive Board of the
United Nations Development
Programme and of the
United Nations Population Fund

Distr.: General
1 August 2005

Original: English

Second regular session 2005
6 to 9 September 2005, New York
Item 7 of the provisional agenda
Financial, budgetary and administrative matters

UNITED NATIONS POPULATION FUND

ESTIMATES FOR THE BIENNIAL SUPPORT BUDGET FOR 2006-2007

Report of the Advisory Committee on Administrative and Budgetary Questions*

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Executive Director of the United Nations Population Fund on the estimates for the biennial support budget for 2006-2007 (DP/FPA/2005/13). During its consideration of the report, the Advisory Committee met with the Executive Director and other representatives, who provided additional information and clarification.

2. The Committee welcomes the improvements to streamline the presentation through the use of charts and graphs, as well as the provision of annex III, requested by the Committee (paragraph 4, DP/FPA/2003/12), which includes action taken to implement the recommendations of the Advisory Committee, as approved by the UNDP/UNFPA Executive Board. **The Committee encourages continuation of this practice in future submissions.**

3. Further, the Committee notes that UNFPA is committed to implementing results-based budgeting and that it is cooperating closely with UNDP and UNICEF in developing a common approach for the transition. The Committee was informed that UNFPA is taking steps to ensure that by 2008, its multi-year funding framework (MYFF) document, containing programmatic requirements, and the biennial support budget are better integrated. UNFPA, in close collaboration with UNDP, in the context of the harmonized approach to budget presentation, will

05-44878 (E) 240805

present a results-based biennial support budget for 2008-2009, linked to the third MYFF, 2008-2011. **The Committee recommends that the process of harmonization towards implementing results-based budgeting for the next biennium be given high priority and trusts that UNFPA, UNDP and UNICEF will take into account lessons learned by other United Nations entities that have already implemented these techniques. Besides, the existing knowledge and experience of the Department of Management and the Department of Peacekeeping Operations could be beneficial while drawing up a comprehensive framework for results-based budgeting.**

4. The Committee notes from table 1 that the projected regular resource income has grown from $586.6 million in the 2004-2005 biennium to $747.0 for the 2006-2007 biennium. In the case of other resources, projected income has decreased from $163.9 million in 2004-2005 to $163.0 million for 2006-2007. Total resources, therefore, have grown from $750.6 million in the 2004-2005 biennium to $910.0 million in the 2006-2007 biennium (a 21.2 per cent increase).

5. The Committee recognized UNFPA efforts to increase total available resources in the context of the last budget submission (2004-2005) and further welcomes the results shown in the current projections for 2006-2007. In addition, the Committee notes that UNFPA can now count on over 100 donors and that in 2004 it succeeded in widening its donor base to an all-time high of 166 countries. The number of multi-year pledges has increased from 20 to 49, the increase being in the programme countries, increasing national ownership of UNFPA work. **The Committee encourages UNFPA to continue to intensify its fund-raising activities not only to maintain the level of resources but also to attain further positive results.**

6. An analysis of table 1 reveals that the estimated expenditure on programmes ($400.6 million) constitutes 68.6 per cent of total regular resources in 2004-2005, as compared to estimated expenditure for 2006-2007 ($528.1 million), which constitutes 70.8 per cent of total regular resources, the balance being spent on management, administration, programme support, ERP (Atlas) and security costs. **It is the opinion of the Committee that there is greater potential of channelling funds more to programmes by reducing expenditure on programme support and management and administration, so as to ensure enhanced emphasis on programmes, which benefit greatly the recipients.**

7. The UNFPA resource framework for 2006-2007 is consistent with the 2004-2007 MYFF, covering the second part of the MYFF and providing support to the strategic priorities of the UNFPA programme, which is aligned to the Millennium Development Goals and poverty reduction. In addition, the support budget proposed for 2006-2007 incorporates additional priority areas identified for investments, taking into account the recommendations of the UNFPA Global Meeting held from 28 November to 3 December 2004, at Princeton, New Jersey, in order to improve organizational performance and equip UNFPA to address the challenges of an evolving environment. Those areas, which are summarized in paragraph 9 of the budget document, include:

- Increased influence in national policy dialogue to ensure that population, gender and reproductive health are central to national processes in programme countries;
- Stronger field focus;
- Stronger partnerships to advance the Programme of Action of the International Conference on Population and Development (ICPD), and more effective image building and marketing of the UNFPA mandate;
- Enhanced strategic planning;
- Improved accountability and performance;
- Support to ongoing United Nations reform processes

8. The biennial support budget for 2006-2007 amounts to $209.0 million gross ($196.4 million net), reflecting a gross increase of 23.2 per cent (27 per cent net), as compared to the support budget for 2004-2005 of $169.6 million gross ($155.0 million net). Estimated income and adjustments to the support budget for 2006-2007 amount to $12.6 million, as compared to $14.6 million estimated income for 2004-2005. As indicated in paragraph 15, the support budget estimates represent 28.0 per cent in gross terms (26.3 per cent in net terms) of the 2006-2007 estimated regular resources income of $747.0 million. **As indicated in paragraph 6 above, all efforts need to be undertaken to reduce support costs in favour of programme activities.**

9. The main areas of increase and decrease are shown in table 3 of the support budget document and explained in paragraphs 21-33 (DP/FPA/2005/13). The slight decrease in projected income is due to the new UNFPA cost recovery, approved by the Executive Board in January 2005. Most of the cost increase relates to the weakening of the United States dollar, contributing to increasing costs for purchasing goods and services overseas and affecting the payroll of existing posts, as well mandatory requirements for security (see paragraph 18 below).

10. The Committee notes that a large part of the volume increase ($10.4 million) relates to the new posts proposed at headquarters and in the field. As indicated in table 4 of document DP/FPA/2005/13, the total number of proposed posts for 2006-2007 is 1,031 (234 International Professional, 263 National Professional and 534 General Service and other categories of staff), reflecting an increase of 59 posts (20 International Professional, 38 National Professional and 1 General Service and other categories of staff), as compared with the 972 approved posts for 2004-2005. The Committee notes that 77.2 per cent of the total number of posts proposed for 2006-2007 are located at country offices and 22.8 per cent are located at headquarters.

11. Of the 59 new posts proposed, 48 are in the field (10 International Professional and 38 National Professional posts), while 11 are at headquarters (10 International Professional and 1 General Service). Of the total number in the field, a net total of 33 is proposed to strengthen field presence in Africa, 6 in Asia and the Pacific, 5 in the Arab States and Europe, and 4 in Latin America and the Caribbean, as detailed in the table below paragraph 45. The proposal is in line with the strategic priority to enhance national policy in programme countries indicated in paragraph 7 above.

12. The net total of 11 posts (10 International Professional and one General Service) proposed for headquarters is listed in the table following paragraph 42. The net total is the result of 13 new posts proposed and the abolition of 2 posts at the General Service and other level. The Strategic Planning Office is proposed to be strengthened with the addition of four posts, two new posts (1 P-3 and 1 P-5) and two posts redeployed from IERD (see paragraph 35, DP/FPA/2005/13), thus addressing one key area identified in paragraph 7 above; three new posts (3 P-4 posts) are proposed to increase UNFPA visibility, generate stronger partnerships and improve fund-raising capacity, addressing another key area (see paragraphs 36-37); to improve accountability and performance, three additional professional posts are proposed in the Division for Management Services to (1 P-4, 2 P-3) (see paragraph 38), one post in the Division for Oversight Services (1 P-5) (see paragraph 40), and two support posts (G-6) to deal with asset management and to assist the Security Adviser (see paragraph 39). Two new posts (1 P-2 and one General Service) are proposed to strengthen the Office of the Executive Director (see paragraph 41).

13. In the past, the Committee has recommended an increase in entry-level posts in the professional category at UNFPA; it therefore notes with satisfaction that, of the 10 new Professional posts proposed at headquarters, four are at the P-3 level and below. **The Committee encourages further efforts in this regard.**

14. A total of 24 reclassifications are proposed for headquarters, which are shown in a consolidated table in annex IV to the budget document (23 upward and one downward reclassification). Paragraph 42 of the budget document further indicates that UNFPA has endeavoured to "ensure that all of the proposed reclassifications arise from the change in the nature of the functions to be undertaken" (DP/FPA/2005/13). The Committee recalls, however, that 17 posts (10 Professional and 7 General Service) were proposed for reclassification at headquarters in the context of the 2004-2005 support budget. From information provided, upon enquiry, the Committee was able to ascertain that 14 of these posts (8 Professional and 6 General Service) were filled by promotion, although UNFPA has indicated that established process was followed (see annex I below).

15. **The Committee has addressed the issue of reclassifications in the past, pointing out the need for better justification of the reasons for so many reclassifications by UNFPA and indicating that career prospects and promotion of staff are human resource management issues that cannot normally be handled through reclassification of posts. The Committee reiterates the comments made in paragraphs 12-14 of its report on the support budget for 2004-2005, as well as the request of the Executive Board to the Executive Director to exercise "highest possible prudence and transparency while implementing the reclassification of posts" (DP/FPA/2003/12). The Executive Board may, therefore, take into consideration the comments of the Committee while taking a decision on reclassifications proposed in the support budget proposal for 2006-2007.**

16. It is seen from paragraph 7 above that the issue of regionalization is one of the strategic priorities for 2006-2007 and that, as further indicated in paragraph 9 (f) of the budget document, a study is currently under way to explore options to further strengthen UNFPA country programmes, which may have an impact on its current set-up, hence its organizational structure as well as the budget proposals. Information on this matter, provided to the Committee upon enquiry, is attached as annex II to this report. The Committee notes that various options will be considered, with a time horizon of two to three years for full implementation, and that if the outcome of the process has a financial impact on core resources in 2007, UNFPA intends to present a revised budget to the Executive Board, through the ACABQ, in September 2006. **In view of the above, the Committee is not in a position at this time to make recommendations on the staffing changes proposed. These should be considered in the context of the results, options and proposals that will be presented in connection with the regionalization study.**

17. The Committee notes that on 1 January 2004, wave I of the Enterprise Resource Planning system (Atlas) was launched; additional functionalities are targeted for completion in 2007, as indicated in paragraph 55 of the budget document. A provision of $8.9 million is therefore included for 2006-2007. This figure, combined with the revised amount of $13.8 million indicated for 2002-2005, will bring total investments related to Atlas to $22.7 million. **The Committee encourages expeditious implementation of information technology projects at all duty stations and trusts that administrative efficiencies and associated savings in post and non-post resources will be quantified and incorporated in the context of the next biennial support budget.**

18. The Committee recalls that the Executive Board, in September 2004, approved a security reserve totalling $6.8 million in order to address additional security requirements of the organization (decision 2004/27). As indicated in paragraph 18, UNFPA is proposing an additional amount of $4.7 million to replenish the security reserve for its share of the costs related to General Assembly resolution 59/276, including $3.9 million related to its share of the mandated security costs and $1.5 million for the new global access control system at headquarters. In coordination with UNDP, the provision for security is treated as a distinct item, not included in the biennial support budget at this stage.

Annex I

Status of post reclassifications and new posts approved in the context of the 2004-2005 biennial support budget

Post Reclassifications: Headquarters Professional Posts

Division	Post Title	Old Level	Reclassified Level	Post Encumbered when reclassified?	Incumbent Promoted?	Filled through external recruitment?
DMS	Chief, MIS Branch	P-5	D-1	Yes	Yes	-
	Chief, Finance Branch	P-5	D-1	Yes	No	-
	Chief, Budget Section	P-4	P-5	Yes	Yes	-
	Chief, Accounts Section	P-4	P-5	Yes	Yes	Incumbent seconded to another agency in 2005. Post currently vacant.
IERD	Chief, Knowledge Sharing Branch	P-5	D-1	Yes	Yes	-
DHR	Director	D-1	D-2	Yes	No	Post filled through external recruitment.
	Deputy Director	P-5	D-1	Yes	Yes	
	Chief, Recruitment and Staffing Branch	P-4	P-5	Yes	Yes	
	Chief, Planning and Policy Branch	P-4	P-5	Yes	Yes	
DOS	Director	D-1	D-2	Yes	Yes	

Post Reclassifications: Headquarters General Service Posts

Division	Post Title	Old Level	Reclassified Level	Post Encumbered when reclassified?	Incumbent Promoted?	Filled through external recruitment?
DMS	Procurement Assistant	G-4	G-6	Yes	Yes (but only one level up)	Incumbent retired. Post currently vacant.
	Procurement Assistant	G-4	G-5	Yes	Yes	-
	Secretary	G-4	G-5	Yes	Yes	-
	Registry Assistant	G-6	G-5	Yes	No	Post filled through internal reassignment.
DOS	Assistant to the Director	G-5	G-6	No	No	
OED	Secretary	G-5	G-6	Yes	Yes	
OED	Secretary	G-4	G-5	Yes	Yes	

Status of New Posts (Professional)

Division	Post Title	Post Level	Post filled by:
DHR	Learning Specialist	P-4	External recruitment at P-4 level
	Learning and Career Management Specialist	P-4	External recruitment at P-3 level
DOS	Evaluation Adviser	P-5	External recruitment at P-5 level
	Audit Specialist	P-4	External recruitment at P-4 level
DMS	Security Specialist	P-4	External recruitment at P-4 level

Additional note

International professional posts and the headquarters general service posts were reclassified on the basis of a change in the profiles of the posts. In the case of the former Office of Human Resources and the former Office for Oversight and Evaluation, both offices were upgraded to divisions. Therefore, the directors of both the new Division for Human Resources and the Division for Oversight Services were reclassified from D-1 to D-2. While some posts in the Division for Human Resources were reclassified upward, the staffing of the Division was also reduced by two posts, due to the outsourcing of human resources administration functions to UNDP and to UNOPS.

Most of the incumbents of the reclassified posts were promoted. However, the promotions were not automatic, but followed an established process:

1. Staff performance appraisals were reviewed by Management Review Groups, which made decisions on which staff to recommend for promotion.
2. Those promotion recommendations were subsequently submitted to the Appointment and Promotion Board (in the case of international professionals) or to the Appointment and Promotion Panel (in the case of headquarters general service staff).
3. Those bodies reviewed the cases and then made recommendations to the Executive Director for her final approval.

Annex II

Information note on the UNFPA regionalization exercise

UNFPA is examining how a realignment of its geographical presence might better meet national priorities and the aspirations and rights of poor women, men and young people. This effort is in line with the recommendations emanating from 2004 Economic and Social Council discussions on the Triennial Comprehensive Policy Review.

The possible advantages of a regional structure are the following:

1. Strengthen regional and country-level capacity: Country-led development requires a strong field presence in order to allow the organization to increase its support to national efforts in a more effective way, by engaging more with beneficiaries and with national partners.

2. Meet present and future requirements of United Nations reform: UNFPA must work more closely with other United Nations agencies in the development community to ensure that reproductive health, gender and population are part of poverty reduction strategies and United Nations Development Assistance Frameworks.

3. Increase organizational efficiency: Further improvement of programmatic and operational performance at the country level requires UNFPA to strengthen its presence and support for countries at the regional level.

4. Adjust to an evolving aid environment, which focuses on national ownership, capacity-building and delivery.

5. Better position UNFPA so that the goals and targets of the ICPD Programme of Action are advanced and achieved, especially at the country level.

6. Improve linkages between programming, technical assistance, policy work and monitoring.

In assessing regionalization, UNFPA is focusing on four strategic factors:

(a) Organizational effectiveness;
(b) Cost;
(c) Consistency with the United Nations reform;
(d) Impact on the visibility and profile of the organization.

Alternative regionalization models are currently being developed with support from external consultants. They will be costed to provide various options from which to choose, with a time horizon of two to three years for full implementation. This exercise will require close

scrutiny by United Nations Development Group partners and consultation with the Executive Board before arriving at a final conclusion.

Furthermore, as regionalization will have staff implications, UNFPA has already initiated consultations with the UNDP/UNFPA/UNOPS Staff Council. These consultations will continue throughout the entire exercise.

Subject to the progress made and the final outcome and review of various options, UNFPA will inform the Executive Board of additional funds required to implement the regionalization. If the outcome of this process has a financial impact on core resources in 2007, UNFPA will present a revised budget to the Executive Board, through the ACABQ, in September 2006.